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Flight attendants to appeal pension bailout at United

By Marilyn Adams, USA TODAY

The union for United Airlines flight attendants gave notice Wednesday that it will appeal a bankruptcy judge's May 10 decision allowing the airline to terminate all four of its pension plans.

United, which has been in bankruptcy protection 29 months, said it will move forward on Judge Eugene Wedoff's order allowing hand-over of the pension plans to the government during the appeal.

Last month, the Pension Benefit Guaranty Corp. announced a negotiated agreement with United under which its pension plans would be terminated. In exchange for a \$1.5 billion stake in United, financial responsibility for the plans would be transferred to the PBGC, which would insure \$6.6 billion in benefits.

But because the plans are underfunded by \$9.8 billion, many United retirees would not get what they expected.

Meanwhile, U.S. Rep. George Miller, a California Democrat attempting to delay the hand-over of the pensions while Congress crafts reform legislation, demanded an explanation Wednesday from the PBGC about why it changed positions in recent weeks on the need for the government to step in.

In an April 4 letter, PBGC executive director Bradley Belt told an Association of Flight Attendants consultant, "We continue to believe the interests of the participants and the pension insurance program would be best served by continuance of the AFA plan."

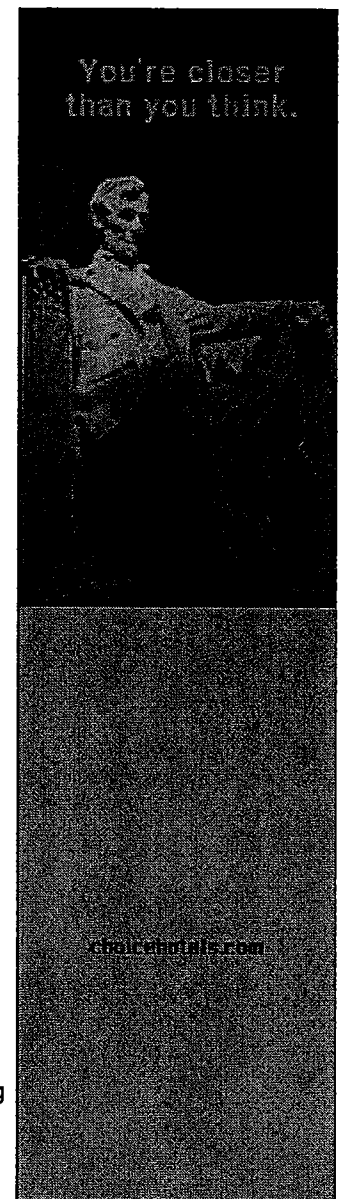
PBGC spokesman Randy Clerihue defended the PBGC's deal with United, saying the agency doesn't believe it changed its position.

The PBGC, he says, still believes it would be best for the flight attendants and the government if United kept the plan.

But, he said, agency leaders became sure United would convince Wedoff that continuing the costly pension plans would keep it in bankruptcy.

The court developments came as the International Association of Machinists reported "significant progress" on \$176 million in new annual cost cuts United says it needs to overcome higher fuel costs.

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